of all the measures will result in higher intake, making up shorfall in the vacancies to a considerable extent in the near future.

Modernisation of HAL

3064. SHRI JANARDHANA POOJARY: Will the Minister of DEFENCE be pleased to state:

(a) whether Government have a proposal under consideration to modernise HAL (Hindustan Aeronautics Limited), Bangalore;

(b) if so, the details of the proposal; and

(c) the time by when work in this regard will start?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) Modernisation of HAL is a continuous process. There is no specific proposal under consideration to modernise Hindustan Aeronautics Limited, Bangalore.

(b) and (c) Does not arise, in view of reply to Part (a) above.

Audit of Regimental Funds of Indian Air Force

3065. SHRI KRISHNA KUMAR BIRLA: Will the Minister of DEFENCE be pleased to state:

(a) whether on the recommendation of a high powerd Committee set up by Government to probe the legality of "Santushti" a commercial complex run by the Indian Air Force, Government have ordered for auditing of the regimental funds held by the Indian Air Force;

(b) if so, the details thereof; and

(c) the action taken on the audit report?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) to (c) A special Audit Team was constituted to conduct special audit of accounts of the organisation running the Santushi Complex including the transfer of income from Santushti to the regimental funds, the accounts of the regimental funds and transfer of amounts from regimentals funds to the Air Force Wives Welfare Association (AFWWA-C).

The Special Audit Team has submitted its report which has drawn the following main conclusions:—

(i) The Santushti Complex was set up in 1985 at New Wellington Camp, covering an area of 1.7 acres approximately. The land belongs to Ministry of Urban Development, but under occupation of Air Fore since 1942. The genesis of setting up of the Santushti Complex lies in the decision taken by AFWWA-C which is a private body. It is AFWWA-C who was played primary role in the setting up/ expansion of Santushti Complex by assessment of monthly rent for the shops, selection of parties for allotment of shops, regulating payment to the contractors and decision to award contracts, etc.

(ii) Even though Approvals for construction/expansion activities of Santushti Complex were accorded by Air Officer Commanding, air Force Station, New Delhi, these were on the basis of the proposal intiated by Manager Administration, Santushti Complex. The said Manager Administration was an air Force Officer from AF Stn, New Delhi, but reportintg to President, AFWWA-C. The involvement of AFWWA-C for construction activities on Government land by involving the service of Air Force authorities does not seem to be proper.

(iii) There has been no transparency in the assessment of monthly rent for shops, allotment of shops and conclusion of contracts for construction/maintenance, etc.

(iv) The Santushti Complex does not fall within the basic framework of regimental shops and does not conform with the policy of the Government for welfare activities.

(v) While a total amount of Rs. 4.19 crores has been collected as monthly rebate from shops during the period from 1985 to 2/98, only an amount of Rs. 5.80 lakhs has been credited on account of rent into the Government Treasury. The remaining amount of Rs. 4.13 crores has been diverted to non-public fund, the ultimate beneficiary of which is a private body.

(vi) Non-payment of income Tax by AFWWA(C), a private body, is in violation of the provisions of the Income Tax Act.

(vii) The contractors employed on Santushti Complex have been given undue benefit by not recovering income tax at source from the amount of payments made of them.

(viii) No proper record of the date of allotment of shops and date of occupation has been kept by the Air Force authorities/AFWWA(C). In the absence of this information, the exact amount recovered could not be ascertained.

(ix) No proper account of consumption of electricity, the cost of such consumption, recovery from shop owners has been maintained.

(x) The amount of 30,53,508/- realised on account of electricity charges has been retained/diverted by/to AFWWA(C).

(xi) Maintenance account does not from part of the account of either AFWWA(C) or President Service Institute (PSI).

(xii) Large amount of advance rebate in the from of security deposit has been realised from Santushti shop owners, but such security deposits have been passed on to AFWWA(C) which is not in order.

(xiii) Proper and clear-cut procedure for according approvals for construction of shops on Santushti Complex has not been followed.

(xiv) Execution of work through conclusion of contract agreement with the contractors, with well-defined terms and conditions were found to be absent.

(xv) Due to non-production of vouchers and connected documents for certain periods, it was not possible for the Special Audit Team to verify the accounts of AFWWA(C)/PSI during the said period.

In the light of the above conclusions, the Special Audit Team has stated that unauthorised utilisation of Government land by a private body without authority does not seem to be proper.

An enquiry has been ordered for fixing responsibility.

L.C.A. Project

3066. SHRI KRISHNA KUMAR BIRLA:
SHRI JANARDHANA POOJARY:

Will the Minister of DEFENCE be pleased to state:

(a) whether a team of Indian Scientists working in US on flight control system of Light Combat Aircraft (LCA) has been sent back following USA's sanctions against India;

(b) if so, what is its likely impact on the LCA project;

(c) the reaction of Government with regard thereto; and

(d) the measures Government propose to meet the threat?

THE MINISTER OF DEFENCE (SHRI GEORGE FERNANDES): (a) As the US Government imposed sanctions, the flight control development work which was being done jontly by Indian scientists with the US company engineers could not continue. Therefore, we withdrew our team.